re PERU

No Objection to Declassification in Full 2010/12/14: LOC-HAK-1-2-59-3

3/25/69

WILLIAM PAWLEY called and asked rmwoods to pass along the following:

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"How tremendously proud I am of the great job our friend is doing. All of the disbelievers around here - at the clubs, restaurants, etc. are coming around saying -- 'Bill, the man's got it.' It is excellent -- we are getting it from all sources.

(2) \ "I spend several days in Santa Domingo and talked with the President there for an hour. He is probably one of the finest Presidents ever to have served in the \wp_5 Western Hemisphere. He is not interested in making any money - he is interested in his country - it is hard to believe how much he already has done - the buildings, the roads, the schools - small houses, etc. fantastic the progress that has been made since Trujillo's 'W death.

"He is probably liked by about 80% of the people and should be easily re-elected.

"In the time we had I asked him for his views on our problem in Peru. He said 'I think it is very important as a Latino and one who has studied the problems, I think the United States cannot fail to live up to the law that any country that expropriates American property can get no economic aid from the United States.

"That is what the law says -- then Hickenlooper put in the Sugar Act a similar -- no country that expropriates any American property can participate in the sugar quota.

"Balaguer says it would be a tremendous mistake to allow countries to think they could expropriate without any fear of reprisals of any kind.

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"He went on to say that in doing it the law requires that the AID be distributed to other Latin American countries b ut the President has the power to say this will be held in reserve and if Peru can correct this situation it will be given back to them. We want to be able to return this quota to Peru at the earliest possible date. His view on that is very sound -- any country that got Peruvian quota would have Peru mad at them. Thus it would cause friction within the Hemisphere.

"This man is a great admirer of the President. I thought I should pass this along to you. I know there are many who are advocating that we overlook this -- but I agree it would be a mistake."

- 2 - PAWLEY

"Balaguer whom I respect tremendously as a person of very sound judgment is neither a liberal or a conservative -- he has two of the opposition in his cabinet. He is doing the same thing our President is doing -- trying to unify the country. Trying to get everyone backing him - then when he has to take some action that is not too popular it is not as easy for them to go against him. "

(End of conversation)